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SUBJECT: PARAGUAYAN CONGRESS PASSES NEW PENAL CODE

1.(U) Following more than a year of political wrangling, Paraguay's Congress approved a new penal code December 20. Amending approximately 70 criminal statutes, the bill will soon go to President Duarte for signature. The president will have 20 business days upon receipt to sign or veto the law; if he does nothing, it will automatically enter into force in late January.

2.(U) One of the new penal code's most significant assets is its improved money laundering statute. Before now, money laundering charges were only possible after the defendant had a predicate offense. Now there are modern statutes that allow for independent investigation, prosecution and, incarceration (up to a maximum of five years) for money laundering offenses. The new money laundering statutes also penalize violations of fiduciary duties, thus allowing the state to bring negligence charges against bank officials who permit money laundering. Another area of significant improvement in the new bill is the protection of intellectual property rights; offenders now face stiffer penalties (two to eight years jail time and/or fines) and, a fraudulent imitation of a product is separately recognized as an offense. Finally, the bill contains two new provisions penalizing trafficking in persons--one for the purpose of sexual exploitation and the other for forced labor/slavery. In both cases, the penalty is eight years in prison and up to 12 years if the victim is under 14 years of age or if threats are used to induce the activity.

¶3. (SBU) COMMENT: As the final chamber to approve the bill, the Senate rejected the Lower House's attempts to water down its original (stronger) version. Beloved Fatherland Party Senator Marcelo Duarte and Colorado Party Senator Bader Rachid pushed hard to gain the Senate's (and therefore the Congress') final approval of this bill. The Embassy's past and current Regional Legal Advisors (RLA) played critical roles in drafting the legislation. Under Paraguayan law, implementation of the new criminal code will be delayed for one year to allow for training of judges and prosecutors. During that time, RLA's efforts to teach the Paraguayans how to effectively use their new law will be critical to this law's eventual success. END COMMENT.

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